

GLOSSARY

Accrual Basis – The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

Actuals - earnings and expenses that have occurred rather than being only projected.

Ad Valorem Tax – A tax levied on the assessed value (net of any exemptions) of real personal property. This is commonly referred to as “property tax.”

Adopted Budget – The financial plan of revenues and expenditures for a fiscal year (July 1 – June 30) as approved by the Board of County Commissioners.

Agency Funds – Account for assets held by a government in a purely custodial capacity.

Amendment – A change to an adopted budget which may increase or decrease a fund total.

Appropriation – A specific amount of funds authorized by the Board of County Commissioners to which financial obligations and expenditures may be made.

Arbitrage – Classically, the simultaneous purchase and sale of the same or an equivalent security in order to profit from price discrepancies. In government finance, the most common occurrence of arbitrage involves the investment of the proceeds from the sale of tax-exempt securities in a taxable money market instrument that yields a higher rate, resulting in interest revenue in excess of interest costs.

Assessed Value – A value established by the County Property Appraiser for all real or personal property for use as a basis for levying property taxes.

Assessment – (1) The process of making the official valuation of property for taxation. (2) Valuation placed upon property as a result of this process.

Asset – A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events.

Balanced Budget – A budget in which revenues and expenditures are equal (no deficit spending).

Bond – A written promise to pay a sum of money on a specific date at a specific interest rate as detailed in a bond ordinance.

Budget – A financial plan for a specific period of time (fiscal year) that balances anticipated revenues with proposed expenditures.

Budget Adjustment – A revision to the adopted budget occurring during the affected fiscal year as approved by the Board of County Commissioners via an amendment or a transfer.

Budget Calendar – The schedule of key dates involved in the process of adopting and executing an adopted budget.

Budget Document – The official written statement of the annual fiscal year financial plan for Bernalillo County as presented by the County Manager.

Budget Hearing – The public hearing conducted by the Board of County Commissioners to consider and adopt the annual budget.

Budget Message – A brief hearing conducted by the County Manager to explain principal budget issues and to provide policy recommendations to the Board of County Commissioners.

Capital Improvement Plan – A plan for capital expenditures to be incurred each year over a fixed period of several years. The plan sets forth each capital project and identified the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

Capital Needs – The identification of public facilities needed within the community.

Capital Outlays – Expenditures resulting in the acquisitions of or addition to a fixed asset.

Capital Projects – The acquisition, construction, or improvement of designated fixed assets such as land and building.

Cash Basis – Method of bookkeeping by which REVENUES and EXPENDITURES are recorded when they are received and paid.

Comprehensive Annual Financial Report (CAFR) – The official annual report of a government. It includes (a) the five combined financial statements in the combined statement – overview and their related notes (the “liftable” GPFS) and (b) combining statements by fund type and individual fund and account group financial statements prepared in conformity with GAAP and organized into a financial reporting pyramid. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, required supplementary information, extensive introductory material and a detailed statistical section. Every government reporting entity should prepare a CAFR.

Contingency – A budgetary reserve to provide for emergency or unanticipated expenditures during the fiscal year.

Contracting Out – Legal agreement whereby a locality pays a private business or individual to provide the public with a service or product.

Credit Ratings – An independent rating service’s evaluation of the credit worthiness of notes and bonds. Ratings influence the cost of borrowing.

Debt – Funds owed as a result of borrowing.

Debt Service – The expense of retiring such debt as loans and bond issues. It includes principal and interest payments, and payments for paying agents, registrars, and escrow agents.

Debt Service Reserve – Monies set aside to ensure that funds will be available in the event that pledged revenues fall short of expectation.

Debt Service Funds – Account for the accumulation of resources for, and the retirement of, general long-term debt principal and interest.

Deferred Compensation Plan – Plans that offer employees the opportunity to defer receipt of a portion of their salary and the related liability for federal income taxes. Several sections of the Internal Revenue Codes authorize certain state local governments to provide deferred compensation plans for their employees.

Deficit – The excess of expenditures over revenues during a fiscal year.

Department – A basic organizational unit of the County which is functionally unique in service delivery.

Department Goal – A statement which relates to the overall reason for which the department exists.

Depreciation – The periodic expiration of an asset’s useful life. Depreciation is a requirement on proprietary type funds (such as enterprise and internal service funds).

Discretionary Revenues – Revenues that are not obligated for particular expenditures.

Encumbrance – The commitment of appropriated funds to purchase an item or service.

Enterprise Fund – A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business enterprise, i.e., to be self-supporting through user charges or other fees.

Enterprise Resource Planning (ERP) - Enterprise Resource Planning is the linking of an enterprise’s operations and functions using integrated software applications such as SAP. It allows for the integration and collaboration of end-to-end functionality for self-services, analytics, financials, human capital management and operations processes. Bernalillo County is currently undergoing an ERP implementation the first phase went live on July 7, 2008. Phase I of the project included the replacement of core financial systems, including the consolidation of general ledger systems, budget controls, accounts payable, accounts receivable, grants management, funds management, treasury management, cashiering, purchasing, fixed assets and inventory, project management & accounting, and plant maintenance. Phase II will be completed before the end of fiscal year 2009 and will involve the development of a new and improved budget preparation system and additional cashiering systems. Below are glossary terms related to ERP.

Business Area- An organizational unit of financial accounting that represents a separate area of operations or responsibilities within an organization and to which value changes recorded in Financial Accounting can be allocated. You can create financial statements for business areas, and you can use these statements for various internal reporting purposes. At IEUA a business area could represent a department.

Change Management- is the process of assisting individuals in embracing and adjusting to new systems, procedures, processes, workflow, organizational relationships and other changes as they occur.

Cost Center- An area of responsibility for capturing costs.

Functional Area-A classification of financial transactions according to functions executed in an organization. The functional area provides information on the overall purposes or objectives for each transaction. Similar activities are grouped by functional area, based on high-level objectives for providing major services or accomplishing regulatory responsibilities. Organizations may establish functional areas that are at a lower level than those required for external reporting. Functional area groups must then be used.

Funds center- A clearly defined area of responsibility in Funds Management. The funds center is an organizational unit within a Financial Management area to which budget can be assigned.

Internal Order- A description of a simple task or measure within a controlling area. It supports action oriented planning as well as monitoring and allocation of costs.

Systems Applications and Products (SAP)- is the ERP software package that the Enterprise has selected for Project Summit. Headquartered in Germany, SAP is the one of the largest ERP software providers in the world.

Work Breakdown Structure (WBS) element- A breakdown of a project based on specific tasks, items, schedules, or conditions. Used to facilitate the separation of costs and secondary activities within a project.

Expenditures – Decrease in fund resources for the procurement of assets or the cost of goods and/or service received.

Fiduciary Fund – Assets held in a trustee or agency capacity for others and cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefits) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Financial Accounting Standards Board (FASB) –Independent, private, non-governmental authority for the establishment of ACCOUNTING principles in the United States.

Fiscal Year – The annual budget year for the County which runs from July 1 through June 30. The abbreviation used to designate this accounting period is FY.

Fixed Assets – Long-lived tangible assets obtained or controlled as a result of past transactions, events or other circumstances. Fixed assets include building, equipment, improvements other than buildings and land. In the private sector, these assets are referred to most often as property, plant and equipment.

Function – A major class or grouping of tasks directed toward a common goal such as improvement of the physical environment.

Fund – A fiscal and accounting entity with a self-balancing set of accounting recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance – The excess of fund assets over liabilities. These unspent funds can be included as revenue in the following year's budget. A negative fund balance is sometimes referred to as a deficit.

General Fund – The governmental accounting fund supported by property taxes, licenses and permits, service charges, and other general revenues to provide county-wide operating services. This may be referred to as the Operating Fund.

General Ledger – A record containing the accounts needed to reflect the financial position and the results of operations of a government. In double-entry bookkeeping, the debits and credits in the general ledger are equal. (I.e., the debit balances equal the credit balances.)

General Obligation Bonds – A bond secured by the pledge of the issuing jurisdiction's full faith, credit, and taxing power and voter approved.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of any entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general applications, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative bond on the application of GAAP to state and local governments is the GASB.

Goal – A goal is a long term, attainable target for an organization – its vision of the future.

Government Finance Officer's Association (GFOA) – Private, nonprofit organization which has actively supported the advancement of governmental accounting, auditing, and financial reporting since 1906.

Grant – A contribution of assets (usually cash) by one governmental unit or other organization to another made for a specific purpose.

Gross Receipts Tax Revenue Bonds – Are special limited obligations of the County, payable solely from pledged County Gross Receipts Tax Revenues. The Bonds are not general obligations of the County and neither pledge the full faith and credit of the County nor the *ad valorem* taxing power or general resources of the County, the State of New Mexico or any political subdivision to the payment of the Bonds.

Impact Fees – Monetary payments made by builders or developers to defray the public cost of providing infrastructure capital to a development.

Infrastructure – Public support structures such as roads, street lighting, water and sewer lines.

Industrial Revenue Bonds – A municipality or county may issue an IRB to finance privately-operated development projects. The private party initiates the process by requesting that the government unit issue the bonds (a political process done in accordance with local and state laws). IRBs are a means of financing the acquisition, construction, expansion or renovation of industrial development facilities.

Internal Service Funds – Account for the financing of goods or services provided by one fund, department, or agency to other funds, departments, or agencies of the financial reporting entity, or to other governments, on a cost-reimbursement basis.

Intergovernmental Revenue – Revenue received from another government unit for a specific purpose.

Inventory – (1) A detailed list showing quantities, descriptions, and values of property, and frequency, units of measure and unit prices. (2) An asset account reflecting the cost of goods held for resale or for use in operations.

Levy – To impose taxes, special assessments or service charges. Or, another term used for mileage rate.

License and Permit Fees – A charge for specific times as required and approved by local and state regulations; for example building permits, mobile homes.

Line-Item Budget – A budget that lists each account category separately along with the dollar amount budgeted for each account, such as office supplies, overtime, and capital purchases.

Long Term Debt – Debt with maturity of more than one year after the date of issuance.

Mandate – Any responsibility, action, procedure that is imposed by one sphere of government on another through constitutional, legislative, administrative, executive, or judicial action as a direct order or that is required as a condition of aid.

Matching Requirement – A jurisdiction's contribution to a project or function required by a funding source as the basis for the contribution. Matching requirements are frequently imposed as a proportionate share of the overall contribution.

Methodology – The analysis of the principles or procedures of inquiry in a particular field.

Mill, Millage – 1/1,000 of one dollar, used in computing taxes by multiplying the rate times the taxable value divided by 1,000. Example, millage rate of \$5.60 per thousand; taxable value of \$50,000 = \$50,000 divided by 1,000 = 50 multiplied by \$5.60 = \$280.00

Objective – An objective is a specific, measurable and observable result of an organization's activity which advances the organization toward its goal.

Operating Budget – Plans of current expenditures and the proposed means of financing them. The annual operating budget (or, in the case of some state governments, the biennial operating budget) is the primary means by which most of the financing, acquisition, spending and service delivery activities of government are controlled. The use of annual operating budgets are usually required by law. Even when not required by law, however, annual operating budgets are essential to sound financial management and should be adopted by every government. See BUDGET.

Ordinance – A formal legislative enactment by the governing body by municipality. If it is not in conflict with any higher form of law, such as a statute or constitutional provision, it has the full force and effect of law within the boundaries to the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Ordinarily, the statutes or charter will specify or imply those legislative actions that must be by ordinance and those that may be by resolution. Revenue-raising measures, such as the imposition of taxes, special assessments and service charges, universally require ordinances. See RESOLUTION.

Performance Measure – Evaluations of various aspects of a programs performance. Different measures can be used to provide specific information about the program and activities undertaken by government.

Policy – A policy is a plan, course of action or guiding principle, designed to set parameters for decisions and actions.

Real Property – Land and the buildings and other structures attached to it that are taxable under State Law.

Referendum – the principle or practice of submitting to popular vote a measure passed on or proposed by a legislative body or by popular initiative.

Reserve – An account used to indicate that a portion of a fund's balance is legally restricted for a specific purpose and reserves fall into two categories: Required Reserves and Discretionary Reserves.

Resolution – A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute. See ORDINANCE.

Revenue – Funds that a government receives as income. These receipts may include tax payments, interest earnings, service charges, grants, and intergovernmental reserves.

Revenue Bonds – Bonds usually sold for constructing a capital issuing the bonds. The revenue is used to pay for the principal and interest of the bonds.

Special Assessment District – A compulsory level imposed on certain properties to defray part or all of the costs of a specific improvement or service deemed to primarily benefit those properties.

Special Revenue Fund – A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects-that are legally restricted to expenditure for the specified purposes). GAAP only require the use of special revenue funds when legally mandated.

Tax and Revenue Anticipation Notes (TRAN) – Are short-term (less than one-year) obligations of a municipal government that are used to finance current expenditures pending receipt of tax payments.

Tax Base – The total property valuation on which each taxing authority level it's tax rates.

Tax Roll – The official list showing the amount of taxes levied against each taxpayer or property. Frequently, the tax roll and the assessment roll are combined, but even in these cases the two can be distinguished. Syn. COLLECTORS' ROLL.

Tax Increment Development Districts (TIDD) – formed pursuant to the Tax Increment for Development Act to provide a funding mechanism to finance construction of public infrastructure and improvements at the front end of a development.

Unincorporated Area – Those areas of the County which lie outside the boundaries of the cities.

Unqualified Opinion – An auditor’s opinion stating that the financial statements present fairly the financial position, results of operations and (when applicable) changes in financial position in conformity in GAAP (which include adequate disclosure). This conclusion may be expressed only when the auditor has formed such an opinion on the basis of an examination made in accordance with GAAS or GAGAS.

User Fees – The charge for goods or services provided by local government to those private individuals who receive the service (also called charges for service). Such charges reduce the reliance of property tax funding.

Unencumbered Balance – The amount of an appropriation that is not encumbered. It is essentially the amount of funds still available for future needs.

Valuations – the act or process of valuing; *specifically* : the appraisal of property.

Workload Indicator – A quantifiable standard for measuring performance.

Yield Control – Refers to formula established under New Mexico State Law limiting property tax revenue from the prior year base revenue to the lesser of 5% or cost of living.